

NEWS

United States Department of Justice
U.S. Attorney, District of New Jersey
970 Broad Street, Seventh Floor
Newark, New Jersey 07102



Paul J. Fishman, U.S. Attorney

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Contact:

Michael Drewniak, Public Affairs Officer
973-645-2888

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Two Convicted in Paterson-Based Mortgage Fraud, Property-Flipping Scheme

(More)

Public Affairs Office
Michael Drewniak, PAO

973-645-2888

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NEWARK – A jury today convicted two participants of a multi-million dollar mortgage fraud and property-flipping scheme involving homes in Paterson, U.S. Attorney Paul J. Fishman announced.

The jury convicted Frederick Ugwu, 51, of Upper Saddle River, and Amer Mir, 39, of Jersey City, following a six-week trial for conspiring with others to obtain millions of dollars of mortgage loans for unqualified borrowers during 2002 through 2005 to purchase two- and three-family homes in Paterson for inflated prices. Defendant Ugwu also was convicted of laundering the proceeds of the scheme.

U.S. District Judge Jose L. Linares scheduled sentencing for April 8. After the verdict, Judge Linares added the bail condition that they be subject to electronic monitoring pending sentencing.

Many of the counts of conviction carry statutory maximum sentences of 30 years in prison. Under the advisory U.S. Sentencing Guidelines, which a sentencing judge must consult in determining a sentence, Ugwu and Mir each face a range of between five and eight years for the convictions. However, numerous other sentencing enhancements, which the government will argue apply, could increase the guidelines range. The Sentencing Guidelines are advisory only, and Judge Linares will have discretion in imposing a sentence within or outside of the determined guidelines range.

The convictions are the latest step in an investigation by the U.S. Department of Housing and Urban Development, Office of Inspector General (HUD-OIG) the FBI, the U.S. Postal Inspection Service and IRS Criminal Investigation into fraudulent Federal Housing Administration-insured and conventional mortgage loans originated by various New Jersey mortgage companies, including Pine Brook-based US Mortgage Corp., and Jersey City-based United Home Mortgage Co., where Mir worked.

The investigation has resulted in more than a dozen convictions of New Jersey residents, including Norman Barna, a real estate investor like Fred Ugwu; Maurice Bethea, a developer; Gerald Carti and David Cobiauchi, former US Mortgage loan officers; Frank Corallo, a former US Mortgage loan processor; Renford Davis, a property manager and recruiter; Michael Eliasof, a real estate agent; Claribel Morrobel, who worked with Eliasof; William Ottaviano, an appraiser; and Mara, Maristane and Norma Silva, real estate agents. US Mortgage president and effective controlling shareholder Michael McGrath also entered a guilty plea this year for improperly selling approximately \$138 million in mortgage loans to Fannie Mae, which his company did not own, and using the proceeds of these unauthorized sales to prop up the now-bankrupt US Mortgage company.

Evidence at trial showed that Ugwu and others obtained what a defense witness described as “run down and foreclosed” Paterson properties cheaply, knowing that Eliasof would find borrowers to purchase the properties at vastly inflated prices. The borrowers were told that the properties would be good investments and that they would: (a) neither pay deposits and closing costs to acquire the properties, nor make monthly mortgage payments after they owned the properties; (b) receive monthly cash payments and a percentage of future sales profits when the conspirators sold the properties; and (c) not have to manage the properties because Eliasof would maintain them, locate tenants, collect rent and make mortgage payments.

Evidence at trial also showed that, in completing the borrowers’ loan applications, Mir and others attributed to them inflated incomes, false assets and fake sales contract deposits. Mir also directed others to create fraudulent documents to make the borrowers appear more creditworthy than they actually were on the loan applications.

Ugwu was convicted on all eight counts in which was charged in the Indictment: conspiracy to commit wire fraud, three counts of wire fraud, conspiracy to commit money laundering, and three counts of money laundering. Mir was convicted of conspiracy to commit wire fraud and three counts of wire fraud. Mir was acquitted of one count of wire fraud, one count of conspiracy to commit money laundering and one count of money laundering.

Fishman credited Special Agents of HUD-OIG, under the direction of Special Agent in Charge Rene Febles, Special Agents of the FBI, under the direction of Special Agent in Charge Weysan Dun, Postal Inspectors of the U.S. Postal Inspection Service, under the direction of Postal Inspector In Charge David L. Collins, and Special Agents of the IRS Criminal Investigation Division, under the direction of Special Agent in Charge William P. Offord.

The case was tried by Assistant U.S. Attorneys Mark E. Coyne and Matthew E. Beck of the U.S. Attorney’s Commercial Crimes Unit.

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Defense Counsel:

For Ugwu: Henry Klingeman, Esq. and Anna G. Cominski, Esq., Newark

For Mir: Gerald Saluti, Esq., Newark